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**Houma-Terrebonne Housing Authority**  
(Formerly the Housing Authority of the City of Houma, Louisiana)

**General Purpose Financial Statements  
With Supplemental Information**

**Year Ended September 30, 2001**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/12/02

**Houma – Terrebonne Housing Authority**  
(Formerly the Housing Authority of the City of Houma)  
**Financial Reports**

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# Bergeron & Lanaux

— CERTIFIED PUBLIC ACCOUNTANTS —

A PROFESSIONAL CORPORATION

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(RETIRED)

## Independent Auditor's Report

Board of Commissioners  
Houma-Terrebonne Housing Authority  
Houma, Louisiana

We were engaged to audit the accompanying general purpose financial statements of the Houma-Terrebonne Housing Authority (formerly the Housing Authority of the City of Houma, Louisiana) as of and for the year ended September 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Houma-Terrebonne Housing Authority's management.

There were a significant number of material weaknesses in internal controls over financial reporting and significant instances of noncompliance with laws and regulations, that in our judgment, adversely affect the Houma-Terrebonne Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. We were unable to satisfy ourselves through other auditing procedures as to the accuracy and completeness of financial records and information.

Because we were unable to satisfy ourselves as to the accuracy and completeness of financial records and information, as described in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the general purpose financial statements referred to in the first paragraph.

The accompanying financial statements have been prepared assuming the Houma-Terrebonne Housing Authority will continue as a going concern. As discussed in Note 10 to the financial statements, the Houma-Terrebonne Housing Authority has incurred significant operating losses for the current and prior fiscal year. This condition raises substantial doubt about its ability to continue as a going concern. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued a report dated April 26, 2002 on consideration of the Houma-Terrebonne Housing Authority's internal control over financial reporting and our tests of its compliance with certain

provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should read in conjunction with this report in considering the results of our audit.

We were engaged to audit the general purpose financial statements for the purpose of forming an opinion on those statements taken as a whole. The accompanying financial information listed in the table of contents as supplementary Information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Houma-Terrebonne Housing Authority. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the general purpose financial statements. As discussed in the second paragraph above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the general purpose financial statements. Similarly, we are unable to express, and do not express, an opinion on the accompanying supplementary information.

*Bergeron & Lanang*

Houma, Louisiana  
April 26, 2002

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
 (Formerly the Housing Authority of the City of Houma)  
 Combined Balance Sheet - Enterprise Fund  
 September 30, 2001

**ASSETS**

Current assets:

Cash and cash equivalents - unrestricted	\$ 267,330
Cash and cash equivalents - restricted	80,987
Accounts recievable - HUD other projects	52,259
Prepaid expenses and other assets	<u>70,391</u>

Total current assets	470,967
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Noncurrent assets:

Fixed assets, net	<u>3,150,472</u>
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Total assets	<u><u>\$ 3,621,439</u></u>
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**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 472,936
Accrued compensated absences	41,225
Tenant security deposits	<u>80,987</u>

Total current liabilities	595,148
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**FUND EQUITY**

Contributed capital	3,150,472
Retained earnings (deficit)	<u>(124,181)</u>

Total fund equity	<u>3,026,291</u>
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Total liabilities and equity	<u><u>\$ 3,621,439</u></u>
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**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)  
Combined Statement of Revenue and Expenses - Enterprise Fund  
Year Ended September 30, 2001

Operating revenues:	
Tenant revenue	\$ 1,153,091
HUD PHA operating and capital grants	923,463
Interest income	17,087
Other income	<u>42,265</u>
Total operating revenues	2,135,906
Operating expenses:	
Administration	698,665
Tenant services	38,184
Utilities	933,901
Ordinary maintenance	488,664
Protective services	136,936
General expense	193,512
Casualty losses	31,797
Depreciation expense	<u>778,157</u>
Total operating expenses	<u>3,299,816</u>
Net operating (loss)	<u><u>\$ (1,163,910)</u></u>



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
 (Formerly the Housing Authority of the City of Houma)  
 Combined Statement of Changes in Fund Equity - Enterprise Fund  
 Year Ended September 30, 2001

	<u>Contributed capital</u>	<u>Retained earnings (deficit)</u>	<u>Total fund equity</u>
Balance at beginning of year	\$ 3,882,459	\$ 307,742	\$ 4,190,201
Capital outlay transfers	46,170	(46,170)	-
Net operating (loss)	-	(1,163,910)	(1,163,910)
Depreciation transferred to contributed capital	<u>(778,157)</u>	<u>778,157</u>	<u>-</u>
Balance at end of year	<u>\$ 3,150,472</u>	<u>\$ (124,181)</u>	<u>\$ 3,026,291</u>

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)  
**Combined Statement of Cash Flows - Enterprise Fund**  
Year Ended September 30, 2001

**Cash flows from operating activities:**

Net operating (loss)	\$ (1,163,910)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:	
Operating subsidies received	(878,643)
HUD Comprehensive Grants - hard costs	(44,820)
Interest income	(17,087)
Depreciation	778,157
Changes in assets and liabilities:	
(Increase) decrease in account receivables	(44,658)
(Increase) decrease in prepaid expenses	(7,876)
(Increase) decrease in inventories	1,470
Increase (decrease) in accounts payable	133,822
Increase (decrease) in accrued expenses	(7,931)
Increase (decrease) in tenant security deposits	4,562
Total adjustments	<u>(83,004)</u>
Net cash provided by (used in) operating activities	<u>(1,246,914)</u>

**Cash flows from noncapital financing activities:**

Operating subsidies received	<u>878,643</u>
Net cash provided by (used in) noncapital financing activities	<u>878,643</u>

**Cash flows from capital and related financing activities:**

HUD CIAP hard costs advances	44,820
Equipment and CIAP additions	<u>(1,351)</u>
Net cash provided by (used in) capital and related financing activities	<u>43,469</u>

**Cash flows from investing activities:**

Interest income	<u>17,087</u>
Net cash provided by investing activities	<u>17,087</u>

Change in cash and equivalents (307,715)

Cash and equivalents at beginning of the year 656,032

Cash and equivalents at end of the year \$ 348,317



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
 (Formerly the Housing Authority of the City of Houma)  
**Statement of Revenue & Expenses - Budget vs. Actual**  
**Low Rent Public Housing Program**  
**Year Ended September 30, 2001**

	<b>Budget</b>		<b>Variance</b>
	<b>(HUD 52599)</b>	<b>Actual</b>	<b>Actual-Budget</b>
			<b>Over (Under)</b>
Revenues			
Dwelling rental	\$ 1,048,220	\$ 1,007,383	\$ (40,837)
Excess utilities	75,000	101,021	26,021
Nondwelling rental	780	-	(780)
Interest income	48,430	17,087	(31,343)
Other income	62,760	86,952	24,192
HUD PHA grants	<u>878,643</u>	<u>878,643</u>	<u>-</u>
Total revenues	2,113,833	2,091,086	(22,747)
Operating expenses			
Administrative	528,672	698,665	169,993
Tenant services	108,330	38,184	(70,146)
Utilities	738,930	933,901	194,971
Ordinary maintenance & operations	536,798	488,664	(48,134)
Protective services	122,000	136,936	14,936
General expense	262,260	193,512	(68,748)
Nonroutine maintenance	10,000	-	(10,000)
Casualty loss	-	31,797	31,797
Capital expenditures	<u>46,650</u>	<u>-</u>	<u>(46,650)</u>
Total operating expenses	<u>2,353,640</u>	<u>2,521,659</u>	<u>168,019</u>
Net operating (loss)			
before depreciation	<u>\$ (239,807)</u>	(430,573)	<u>\$ (190,766)</u>
Depreciation expense not budgeted		<u>(778,157)</u>	
Net operating (loss) after depreciation		<u>\$ (1,208,730)</u>	

See notes to financial statements.

HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Notes to Financial Statements

September 30, 2001

1) Summary of Significant Accounting Policies

The Houma-Terrebonne Housing Authority (Authority) was created by Act 80 of the 2001 Regular Session of the Louisiana Legislature and is the successor to the Housing Authority of the City of Houma. The Authority, a public corporate body, was organized solely for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.

The Authority is administered by a five-member governing Board of Commissioners (the Board), whose members are appointed by the President of the Terrebonne Parish Consolidated Government. At least one commissioner appointed shall be a resident living in housing development property operated by the Authority. Each member serves a five-year term on a rotating basis. A significant amount of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operation subsidies for Authority-owned public housing facilities and housing assistance payments for eligible individuals.

- a) Reporting Entity. The entity is a public corporation, legally separate, fiscally independent and governed by a Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Authority, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.

b) Basis of Presentation

Funds and Account Groups. The accounts of the Authority are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon

HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Notes to Financial Statements, Continued

September 30, 2001

the purposes for which they are to be spent and the means by which spending activities are controlled. The various accounts are grouped, in the financial statements in this report, into the following category:

Proprietary Fund Type - Enterprise Fund – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses (including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

- c) Basis of Accounting. Enterprise Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when they are incurred.

The Authority applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, Accounting Principles Board opinions and Accounting Research Bulletins issued after November 30, 1989, would not apply unless adopted by GASB.

The Authority does not utilize encumbrance accounting.

- d) Budgetary Data. The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables, or depreciation.



HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Notes to Financial Statements, Continued

September 30, 2001

e) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

f) Tenant Receivables. Receivables for rental and service charges are reported net of allowances for doubtful accounts.

g) Investments. Investments are carried at fair market value.

h) Compensated Absences. Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

2) Cash Deposits With Financial Institutions

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized, which includes any bank balance that is collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the entity's name.

Cash deposits, at September 30, 2001, categorized by level of risk, were as follows:

Bank Balances				Carrying Amount
Category				
1	2	3	Total	
\$ 350,924	\$ -	\$ 6,844	\$ 357,768	\$ 348,317

HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Notes to Financial Statements, Continued

September 30, 2001

Cash and cash equivalents are reported on the balance sheet as follows:

Cash and cash equivalents - restricted	\$ 267,330
Cash and cash equivalents - unrestricted	80,987
	<hr/>
Total cash and cash equivalents	<u>\$ 348,317</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

3) Activities of the Authority

At September 30, 2001, the Authority was managing 588 low-rent units in two projects under Program FW -1184.

4) Fixed Assets

Fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Buildings	33 Years
Site improvements	15 Years
Buildings improvements	15 Years
Nondwelling structures	15 Years
Equipment	3 to 7 Years

Changes in fixed assets are as follows:

	Cost	Accumulated Depreciation 9/30/00	Current Depreciation	Accumulated Depreciation 9/30/01	Net Asset Value
Land	\$ 556,728	\$ -	\$ -	\$ -	\$ 556,728
Buildings	17,937,212	14,847,064	641,891	15,488,955	2,448,257
Site Improvements	1,847,915	1,744,426	45,706	1,790,132	57,783
Furniture & Equipment	750,632	572,368	90,560	662,928	87,704
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 21,092,487</u>	<u>\$ 17,163,858</u>	<u>\$ 778,157</u>	<u>\$ 17,942,015</u>	<u>\$ 3,150,472</u>

HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Notes to Financial Statements

September 30, 2001

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

5) Long-term Debt

To provide for the development and modernization of low-rent housing units, Public Housing Authorities issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the authority, and accordingly, have not been reported in the accompanying financial statements.

6) Retirement Plan

The Authority provides retirement benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six month exclusionary period. The employee may contribute 6% and the Authority contributes 8% of the participating employee's base salary each month. On August 29, 2001, the Authority adopted a board resolution reducing the Authority's contribution to 2% of annual salary with 3% mandatory employee contribution. The Authority's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The Authority's total payroll in fiscal year ended September 30, 2001 was approximately \$428,000. The Authority's contributions were calculated using the base salary amount of \$226,373. Contributions to the plan were \$13,007 and \$17,223 by the employee and the Authority, respectively.

7) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Notes to Financial Statements, Continued

September 30, 2001

8) Contingencies

The Authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the Authority in the current and prior years. These examinations may result in required refunds by the Authority to federal grantors and/or program beneficiaries.

As described in the schedule of federal award findings and questioned costs, the Authority did not comply with requirements regarding cash disbursements, allowable cost, tenant file documentation, equipment and real property management, procurement, financial and performance reporting, and tenant waiting list that are applicable to its Low-Income Housing Operating Subsidy Grant, CFDA #14.850. The financial statement effects of substantial non-compliance on its federal award program with HUD cannot readily be determined at this time, and accordingly, no provision for any liability has been made in the general purpose financial statements.

HUD is currently surveying federal financial assistance received by the Authority for the period from January 1998 through March 2001. The examination is focusing on areas of procurement, tenant files and tenant revenues, and may be expanded into other areas. The ultimate outcome of this examination cannot readily be determined at this time, and accordingly, no provision for any liability has been made in the general purpose financial statements.

The Authority is being investigated by the Terrebonne Parish District Attorney's office. The Authority was notified by letter dated June 12, 2001 to appear at the Terrebonne Parish District Attorney's office to give testimony on behalf of the State of Louisiana. Certain past and present employees employed in an administrative, office or maintenance position were questioned during interviews conducted by the Terrebonne Parish Sheriff's Office. The ultimate outcome of this investigation is unknown at this time, and accordingly, no provision for any liability has been made in the general purpose financial statements.

9) Pending Litigation

The Authority entered into a five (5) year employment contract with its executive director commencing May 12, 1999 and terminating May 12, 2004. The agreement provides for a minimum annual salary of \$60,000 payable semi-monthly, travel expense reimbursement while on Authority business based on the travel policy in effect, a vehicle and payment of related vehicle expenses. The executive director

HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Notes to Financial Statements, Continued

September 30, 2001

shall also be entitled to all other employee benefits afforded to other employees of the Authority.

On September 6, 2001, a motion was approved by the Board of Commissioners to terminate the employment and any purported contract governing the executive director's employment for cause. As stated in the terms of the employment contract, the executive director received sixty (60) days of compensation and employee benefits. At the time of termination, the remaining salary commitment payable was approximately \$145,000. On March 14, 2002, the executive director filed a civil suit against the Authority for wrongful termination. The lawsuit requests actual and punitive damages; however, no specific dollar amount is stated. Management believes this matter will not have a material adverse effect on the Authority, and accordingly, no provision for any liability has been made in the financial statements.

10) Going Concern

The Authority had net operating losses in the amount of (\$1,163,910) and (\$1,208,141) for years end September 30, 2001 and 2000, respectively. As of September 30, 2001, the Authority's current liabilities exceed its current assets by \$124,181 and fund equity reflected an accumulated deficit in its retained earnings (deficit) account in the amount of (\$124,181). The Authority has been assigned to HUD's Office of Troubled Agency Recovery to develop and implement performance targets and strategies to bring its Public Housing Assessment System score to an acceptably level. The financial statements do not include any adjustments that might be necessary should the Authority be unable to continue as a going concern.

## SUPPLEMENTARY INFORMATION

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)  
**COMBINING BALANCE SHEETS - ENTERPRISE FUND**  
September 30, 2001

<b>ASSETS</b>	<u>Low Rent 14.850</u>	<u>CGP 14.859</u>	<u>TOTAL</u>
<b>CURRENT ASSETS:</b>			
Cash - unrestricted	\$ 267,330	\$ -	\$ 267,330
Cash - tenant security deposits	80,987	-	80,987
Total cash	<u>348,317</u>	<u>-</u>	<u>348,317</u>
Accounts and notes receivables:			
Accounts receivable - HUD other projects	7,439	44,820	52,259
Accounts receivable- tenants - dwelling rents	13,487	-	13,487
Allowance for doubtful accounts - dwelling rents	<u>(13,487)</u>	<u>-</u>	<u>(13,487)</u>
Total receivables, net of allowances for doubtful accounts	7,439	44,820	52,259
Prepaid expenses and other assets	<u>70,391</u>	<u>-</u>	<u>70,391</u>
<b>TOTAL CURRENT ASSETS</b>	<u>426,147</u>	<u>44,820</u>	<u>470,967</u>
<b>NONCURRENT ASSETS:</b>			
Fixed assets:			
Land	556,728	-	556,728
Buildings	17,559,102	378,110	17,937,212
Furniture, equipment & machinery - dwellings	467,367	-	467,367
Furniture, equipment & machinery - administration	249,337	33,928	283,265
Site improvements	1,847,915	-	1,847,915
Accumulated depreciation	<u>(17,942,015)</u>	<u>-</u>	<u>(17,942,015)</u>
Total fixed assets, net of accumulated depreciation	<u>2,738,434</u>	<u>412,038</u>	<u>3,150,472</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,738,434</u>	<u>412,038</u>	<u>3,150,472</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,164,581</u>	<u>\$ 456,858</u>	<u>\$ 3,621,439</u>

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)  
**COMBINING BALANCE SHEETS - ENTERPRISE FUND**  
September 30, 2001

	Low Rent 14.850	CGP 14.859	TOTAL
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable < 90 days	\$ 428,116	\$ 44,820	\$ 472,936
Accrued compensated absences	41,225	-	41,225
Tenant security deposits	80,987	-	80,987
<b>TOTAL CURRENT LIABILITIES</b>	<u>550,328</u>	<u>44,820</u>	<u>595,148</u>
<b>EQUITY</b>			
Contributed capital:			
Long-term debt - HUD guaranteed	681,359	-	681,359
Net HUD PHA contributions	2,057,075	412,038	2,469,113
Total contributed capital	<u>2,738,434</u>	<u>412,038</u>	<u>3,150,472</u>
Undesignated fund balance/retained earnings	<u>(124,181)</u>	<u>-</u>	<u>(124,181)</u>
<b>TOTAL EQUITY</b>	<u>2,614,253</u>	<u>412,038</u>	<u>3,026,291</u>
<b>TOTAL LIABILITY AND EQUITY</b>	<u><u>\$ 3,164,581</u></u>	<u><u>\$ 456,858</u></u>	<u><u>\$ 3,621,439</u></u>



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)  
**COMBINING STATEMENT OF REVENUES AND EXPENSES - ENTERPRISE FUND**  
Year Ended September 30, 2001

	Low Rent 14,850	CGP 14,859	TOTAL
<b>REVENUE:</b>			
Net tenant rental revenue	\$ 1,007,383	\$ -	\$ 1,007,383
Tenant revenue - other	145,708	-	145,708
Total tenant revenue	1,153,091	-	1,153,091
HUD PHA grants	878,643	-	878,643
Capital grants	-	44,820	44,820
Investment income - unrestricted	17,087	-	17,087
Other revenue	42,265	-	42,265
<b>TOTAL REVENUE</b>	<b>2,091,086</b>	<b>44,820</b>	<b>2,135,906</b>
<b>EXPENSES:</b>			
Administrative:			
Administrative salaries	222,414	-	222,414
Auditing fees	62,485	-	62,485
Compensated absences	(7,931)	-	(7,931)
Employee benefit contributions- administrative	45,032	-	45,032
Other operating- administrative	376,665	-	376,665
	698,665	-	698,665
Tenant services:			
Tenant services - salaries	18,533	-	18,533
Employee benefit contributions- tenant services	2,332	-	2,332
Tenant services - other	17,319	-	17,319
	38,184	-	38,184
Utilities:			
Water	167,813	-	167,813
Electricity	576,289	-	576,289
Gas	104,026	-	104,026
Other utilities expense	85,773	-	85,773
	933,901	-	933,901
Ordinary maintenance & operations:			
Ordinary maintenance and operations - labor	186,624	-	186,624
Ordinary maintenance and operations - materials & other	60,510	-	60,510
Ordinary maintenance and operations - contract costs	214,867	-	214,867
Employee benefit contributions- ordinary maintenance	26,663	-	26,663
	488,664	-	488,664
Protective services:			
Protective services - other contract costs	136,936	-	136,936
General expenses:			
Insurance premiums	164,952	-	164,952
Other general expenses	130	-	130
Payments in lieu of taxes	17,430	-	17,430
Bad debt - tenant rents	11,000	-	11,000
	193,512	-	193,512
Casualty losses - non-capitalized	31,797	-	31,797
<b>OPERATING EXPENSES BEFORE DEPRECIATION</b>	<b>2,521,659</b>	<b>-</b>	<b>2,521,659</b>
<b>NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	<b>(430,573)</b>	<b>44,820</b>	<b>(385,753)</b>
Depreciation expense	778,157	-	778,157
<b>Net operating income (loss) after depreciation</b>	<b>\$ (1,208,730)</b>	<b>\$ 44,820</b>	<b>\$ (1,163,910)</b>



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

Statement of Comprehensive Grant Costs - Uncompleted

Septemebr 30, 2001

Cash Basis

	Project 1998	Project 1999	Project 2000
Funds Approved	\$ 464,495	\$ 530,491	\$ 1,100,863
Funds Expended	<u>393,614</u>	<u>64,705</u>	<u>-</u>
Excess of Funds Approved	<u><u>70,881</u></u>	<u><u>465,786</u></u>	<u><u>1,100,863</u></u>
 Funds Advanced	 \$ 348,794	 \$ 57,266	 \$ -
Funds Expended	<u>393,614</u>	<u>64,705</u>	<u>-</u>
Excess Funds Advanced (Expended)	<u><u>\$ (44,820)</u></u>	<u><u>\$ (7,439)</u></u>	<u><u>\$ -</u></u>

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

Schedule of Expenditures of Federal Awards

Year ended September 30, 2001

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>CFDA NO.</u>	<u>GRANT ID NO.</u>	<u>PROGRAM EXPENDITURES</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Programs:			
Low-Income Housing Operating Subsidy	14.850	FW - 1184	<u>\$          878,643</u>
Major Program Total			<u>878,643</u>
Total HUD			<u><u>\$          878,643</u></u>

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**Bergeron & Lanaux**  
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A PROFESSIONAL CORPORATION

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—  
CLAUDE E. BERGERON, CPA  
(RETIRED)

Report on Compliance with Requirements Applicable to Each  
Major Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133

Board of Commissioners  
Houma-Terrebonne Housing Authority  
Houma, Louisiana

Compliance

We have audited the compliance of the Houma-Terrebonne Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and HUD Notice PIH 96-53 that are applicable to each of its major federal programs for the year ended September 30, 2001. The Houma-Terrebonne Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Houma-Terrebonne Housing Authority's management. Our responsibility is to express an opinion on the Houma-Terrebonne Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and HUD Notice PIH 96-53. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Houma-Terrebonne Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Houma-Terrebonne Housing Authority's compliance with those requirements.

As described in items 2001-17 to 2001-22 in the accompanying schedule of findings and questioned cost, the Houma-Terrebonne Housing Authority did

not comply with requirements regarding allowable costs/cost principles (cash disbursements), eligibility (tenant file documentation), equipment and real property management, procurement, reporting and special tests and provisions (tenant waiting list), that are applicable to its Low-Income Housing Operating Subsidiary Grant, CFDA #14.850. Compliance with such requirements is necessary, in our opinion, for the Houma-Terrebonne Housing Authority to comply with the requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the Houma-Terrebonne Housing Authority did not comply, in all material respects, with the requirements referred to above that are applicable to its Low-Income Housing Operating Subsidy Grant.

#### Internal Control Over Compliance

The management of the Houma-Terrebonne Housing Authority is responsible for establishing and maintaining internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Houma-Terrebonne Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Houma-Terrebonne Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001-17 to 2001-21.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2001-19 to 2001-21 to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana Legislative Auditor and federal awarding agencies, and should not be used by anyone other than these specified parties.

*Bergeron & Lanoux*

Houma, Louisiana  
April 26, 2002



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# Bergeron & Lanaux

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CLAUDE E. BERGERON, CPA  
(RETIRED)

Report on Compliance and on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements Performed in  
Accordance with Governmental Auditing Standards

Board of Commissioners  
Houma-Terrebonne Housing Authority  
Houma, Louisiana

We were engaged to audit the general purpose financial statements of the Houma-Terrebonne Housing Authority as of and for the year ended September 30, 2001, and have issued our report thereon dated April 26, 2002. We did not express an opinion on the financial statements because there were a significant number of material weaknesses in internal controls over financial reporting and significant instances of noncompliance with laws and regulations, that in our judgment, adversely affected the Houma-Terrebonne Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. We were not able to satisfy ourselves through other auditing procedures as to the accuracy and completeness of financial records and information, and as such, the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the financial statements. Our report on the financial statements also included an explanatory paragraph describing conditions, discussed in Note 10 to the financial statements, that raised substantial doubt about the entity's ability to continue as a going concern.

## Compliance

As part of obtaining reasonable assurance about whether the Houma-Terrebonne Housing Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Governmental Auditing Standards which are described in the accompanying schedule of financial statement findings as items 2001-1 to 2001-6.



### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Houma-Terrebonne Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Houma-Terrebonne Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of financial statement findings as items 2001-7 to 2001-16.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, of the reportable conditions described above, items 2001-7 to 2001-13 are considered to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana Legislative Auditor and federal awarding agencies, and should not be used by anyone other than the specified parties.

*Bergeron & Lanoux*

Houma, Louisiana  
April 26, 2002

HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Summary of Auditor's Results and  
Schedule of Findings and Questioned Costs

Year Ended September 30, 2001

Section I – Summary of Auditor's Results

- a. The auditor's report disclaims an opinion on the general purpose financial statements of the Houma-Terrebonne Housing Authority as of and for the year ended September 30, 2001.

The auditor's report has a going concern explanatory paragraph.

- b. Reportable conditions and material weaknesses in internal control disclosed in the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements in Accordance with Governmental Auditing Standards.
- c. Instances of noncompliance material to the financial statement were disclosed during the audit.
- d. Reportable conditions and material weaknesses in internal control were disclosed by our audit over its major program and is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
- e. The auditor's report expressed an adverse opinion on compliance for its major federal award program because of substantial noncompliance with the requirements of its major program.
- f. The program tested as a major program follows:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Low-income Housing Operating Subsidy	# 14.850

- g. The dollar threshold to distinguish Type A and Type B programs was \$300,000.
- c. The Houma-Terrebonne Housing Authority did not qualify as a low-risk auditee.

HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Summary of Auditor's Results and  
Schedule of Findings and Questioned Costs, Continued

Year Ended September 30, 2001

Section II – Financial Statement Findings

Financial Statement Findings are identified in the Schedule of Financial Statement Findings following this section. An index to those findings follows:

Index to Financial Statement Findings

<u>Number</u>	<u>Description</u>
2001-1	PHAS SCORE REPORT
2001-2	GENERAL DEPOSITORY AGREEMENT
2001-3	1998 AND 1999 COMPREHENSIVE GRANT PROGRAMS
2001-4	UNLOCATED BOARD MINUTES
2001-5	PERSONNEL FOLDER DOCUMENTATION
2001-6	AUDIT ENGAGEMENT COMPLETION
2001-7	UNRESTRICTED CASH AND ACCOUNTS PAYABLE POSITION
2001-8	INFORMATION PROCESSING BY FEE ACCOUNTANT
2001-9	DIRECTOR OF FINANCIAL OPERATIONS
2001-10	ACCOUNTS PAYABLE
2001-11	TENANT SECURITY DEPOSITS
2001-12	MONTHLY FINANCIAL REPORTS
2001-13	BANK RECONCILIATIONS
2001-14	OUTSTANDING DEVELOPMENT FUND LIABILITY
2001-15	ELECTONIC BACKUP AND OFF SITE STORAGE
2001-16	CHECK SEQUENCE LOG

HOUMA-TERREBONNE HOUSING AUTHORITY  
(Formerly the Housing Authority of the City of Houma)

Summary of Auditor's Results and  
Schedule of Findings and Questioned Costs

Year Ended September 30, 2001

Section III -- Federal Award Findings and Questioned Costs

Federal Award Findings and Questioned Costs are identified in the Schedule of Federal Award Findings and Questioned Costs following this section. An index to those findings follows:

Index to Federal Award Findings and Questioned Costs

<u>Number</u>	<u>Description</u>
2001-17	CASH DISBURSEMENTS
2001-18	TENANT FILE DOCUMENTATION
2001-19	FINANCIAL AND PERFORMANCE REPORTING
2001-20	TENANT WAITING LIST
2001-21	EQUIPMENT AND REAL PROPERTY MANAGEMENT
2001-22	PROCUREMENT



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

Schedule of Financial Statement Findings

Year Ended September 30, 2001

**2001- 1 PHAS Score Report**

The Real Estate Assessment Center's (REAC) Public Housing Assessment Submission (PHAS) score is an indicator used by HUD in determining and evaluating the performance and management of housing authorities. The PHAS has a maximum score of 100 comprised of four indicators; physical, financial, management, and residential. The Housing Authority received PHAS scores of 36 and 43 out of a possible of 100 for the years ending September 30, 2000 and 2001, respectively. As such, the Authority was designated as a "troubled" agency based on its most recent score reported for its fiscal year 2001.

A contributing factor to the low scores was late filing of required submissions under the financial and management categories. Based on information provided by the Real Estate Assessment Center, the Authority was eighteen days late on the unaudited Financial Assessment Subsystem Submission (FASS) and ninety-one days late on the Management Assessment Subsystem Submission (MASS). HUD has referred the Housing Authority to the Office of Troubled Agency Recovery for assistance in raising its PHAS score.

We recommend the Housing Authority implement procedures to insure various report submissions comprised to calculate its PHAS score are performed accurately and filed timely with REAC. In addition, we encourage the Housing Authority to continue working with HUD's Troubled Agency Recovery Center staff to increase its capability to manage programs and operations that are reflected in its PHAS score.

**2001- 2 General Depository Agreement**

HUD regulations require the Housing Authority to execute a General Depository Agreement (Form HUD-51999) with the financial institution in which accounts are maintained. The Housing Authority was unable to locate an executed General Depository Agreement as required by HUD regulations.

We recommend the Housing Authority execute a General Depository Agreement (Form HUD-51999) as required by HUD regulations under cash management and investment policies and procedures pertaining to Housing Authorities

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

Schedule of Financial Statement Findings, Continued

Year Ended September 30, 2001

**2001-3 1998 and 1999 Comprehensive Grant Programs**

The Housing Authority has been suspended from drawing down Comprehensive Grant Program and Comprehensive Improvement Assistance Program funds through its Line of Credit Control System (LOCCS) since March 20, 2001. The suspension resulted from not reporting quarterly expenditures and obligation information required by the system. HUD regulations require all such grants to be obligated within twenty-four months or have a valid time extension beyond that date. If funds are not obligated within the required time period, unobligated balances will reduce grant contracts. HUD notified the Housing Authority in its March 22, 2002 letter that it identified the agency as not having met its obligation requirements and is recapturing \$404,541 under these contracts.

We recommend the Housing Authority take the necessary steps to reinstate access to LOCCS and implement procedures to insure that all funds awarded by capital grants are obligated and reported in a timely manner. Management should monitor compliance with HUD's rules and regulations to limit the amount of funds recaptured in the future.

**2001-4 Unlocated Board Minutes**

We requested Housing Authority Board minutes for meetings held from October 1, 2000, beginning of Housing Authority's fiscal audit year, through the most recent meeting. We were unable to locate minutes for four meetings that had been advertised. In addition, we were unable to determine whether the scheduled meetings for which minutes could not be located had been postponed or canceled due to lack of quorum.

Louisiana law requires proceeding of the board to be recorded in the minutes. Those minutes are considered public records and must be available to the public upon request.

This condition was reported as compliance finding 2000-2 in last year's audit. Comment 2000-2 addressed six sets of unlocated minutes; two meetings scheduled during the September 30, 2000 fiscal year and four meeting scheduled during the current September 30, 2001 fiscal year. The comment is repeated since the condition is a compliance exception during the current audit year. It should be noted that there were no additional unlocated minutes subsequent to the issuance of the September 30, 2000 compliance report.

We recommend management implement procedures to insure that a complete set of official minutes is maintained. In case of cancellation or postponement of a scheduled



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
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Schedule of Financial Statement Findings, Continued

Year Ended September 30, 2001

meeting, the Housing Authority should document the cancellation or postponement as evidence that the minutes are complete.

**Response by Management:**

All meetings are now being maintained with proper signatures, seal and publication as required by State law. Proper documentation is now being maintained on board meetings, including advertisements, call, and meeting affidavits.

**2001-5 Personnel Folder Documentation**

We reported in our prior year audit finding 2000-6 that employee folders were incomplete and did not contain all necessary payroll forms and policy statements. We recommended that procedures be established, along with a checklist, to insure personnel files contain all relevant information.

The Housing Authority developed a personnel file checklist of relevant information to be included in personnel files and is in the process of updating employee folders. We noticed a substantial improvement in employee file documentation while testing payroll during the current audit year. While performing test of employee folders, we noted the following areas where information was not always present in an employee's folder:

- Employee authorization for payroll withholding deductions as follows:
  - State income tax withholding form – Employee Withholding Exemption Certificate (L-4)
  - Retirement Contribution
  - Medical and Life Insurance
- Civil Service "Document Checklist For New Hires (Rev 9/27/2000)

We recommend the Housing Authority review its current checklist for the above findings and incorporate necessary changes to its checklist so it is all-inclusive. Then, employee folders should be checked and updated for appropriate missing information.

**2001- 6 Audit Engagement Completion**

The audit engagement must be completed and filed with the Legislative Auditor within six months of the close of the fiscal year, or by March 31, 2002. The Housing Authority did not meet this filing deadline.

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

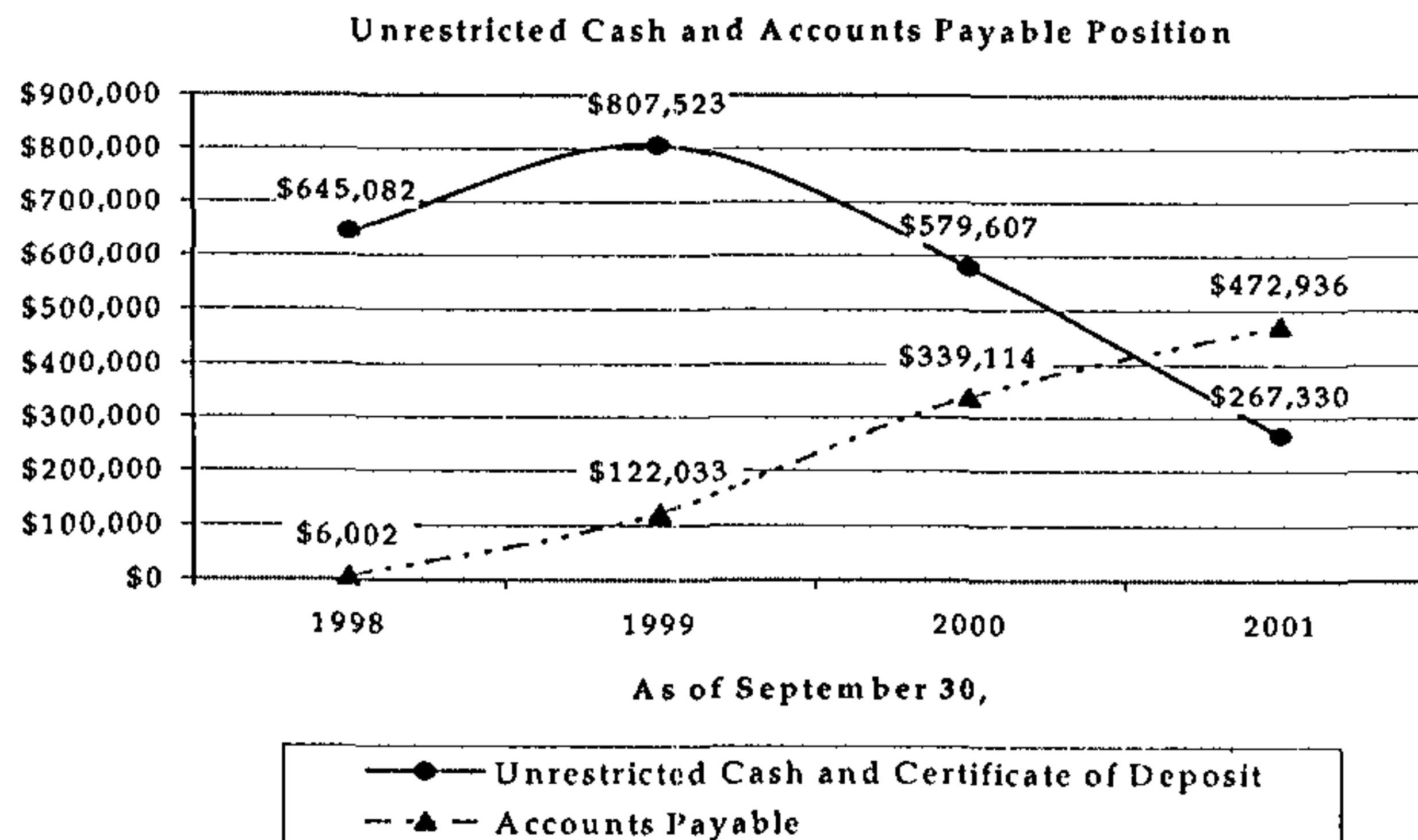
Schedule of Financial Statement Findings, Continued

Year Ended September 30, 2001

We recommend the Housing Authority put procedures in place and structure its staff to insure recordkeeping, operating and administrative procedures are accurately and timely performed. In addition, fiscal year end closing procedures should be performed quickly after year end to allow timely preparation of general ledgers, trial balances, and financial reports required by the external auditors before they can begin their audit field work.

**2001-7 Unrestricted Cash and Accounts Payable Position**

The Housing Authority has continued to deplete its unrestricted cash and certificates of deposit resulting from incurring net operating losses before depreciation totaling (\$778,494) over the past two years. In addition, the Housing Authority has been locked out of securing funding from its comprehensive grant programs for part of the September 30, 2000 fiscal year and all of the September 30, 2001 fiscal year. As of September 30, 2001, the Housing Authority's unrestricted cash and certificates of deposit have decreased to \$267,330 while accounts payable have increased to \$472,936. If this trend continues, it will become increasingly difficult for the Housing Authority to meet current obligations as they become due. The following graph illustrates the Housing Authority's trend over the past four years.



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

Schedule of Financial Statement Findings, Continued

Year Ended September 30, 2001

We recommend management obtain current monthly financial statements and budget comparisons so it can accurately assess its current financial condition. In addition, it should take the necessary steps to mitigate the adverse effects of continued revenue shortfalls. Management should also take the necessary steps to reestablish the Housing Authority's ability to draw down funds on its comprehensive grant programs through HUD's Line of Credit Control System (LOCCS). Management should then implement procedures and controls to insure reimbursable grant expenditures are timely reported and submitted for reimbursement.

**2001-8 Information Processing by Fee Accountant**

The Housing Authority has an agreement with a computer services firm (fee accountant) specializing in housing authorities to perform computerized bookkeeping and computer services, prepare monthly bank reconciliations, general ledgers, financial statements, and prepare certain report filings with HUD. During our audit field work, we observed the following weaknesses:

- Deposits - Copies of cash deposit tickets forwarded to the fee accountant for general ledger processing do not contain a description or a schedule of revenue sources and amounts, such as rent, interest income, tenant security deposits, laundry revenues, etc.
- Cash Disbursements – Cash disbursements are forwarded to the fee accountant for coding based on check stub descriptions. In certain cases, check stub descriptions are limited making it difficult to properly classify disbursements. In addition, check stubs do not indicate if the payment is for a low rent program expenditure or a comprehensive grant program expenditure.
- Certificates of Deposit – Information necessary to record activity in certificates of deposit, such as early withdrawals, is not forwarded to the fee accountant for general ledger processing.
- Accounts Payable Listing – A monthly schedule of unpaid invoices or aged accounts payable listing is not forwarded to the fee accountant for recording in the general ledger.
- Financial Statement and General Ledger Review – Information processed by the fee accountant is not adequately scrutinized to detect coding errors or inconsistencies requiring general ledger adjustments.

We recommend the Housing Authority put procedures in place to insure information forwarded to fee accountant is complete and that information returned is reviewed for accuracy. If significant discrepancies or adjustments are identified, they should be communicated to the fee accountant for correction and reprocessing.



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

Schedule of Financial Statement Findings, Continued

Year Ended September 30, 2001

**2001-9 Director of Financial Operations**

The Housing Authority does not have a Director of Financial Operations (Civil Service position Accountant III). As a result, the Housing Authority has continued to experience difficulties in maintaining current, accurate financial data and reports. In addition, resolution of internal control weaknesses and reportable conditions identified by staff, external auditors, regulatory agencies and outside consultants has not progressed at the speed necessary to effectively manage the financial operations of the Housing Authority.

It should be noted that during and subsequent to last year's audit, the Housing Authority has been pushing forward in creating this position under Civil Service guidelines and amending its policies and procedures, and organizational chart to allow for the position to be filled. The Housing Authority adopted an Organizational Chart incorporating this position by adopting Resolution No. 492 on January 30, 2002. The next day, a job announcement was posted requesting applications for a Director of Financial Operations. To date, the Housing Authority has not been able to fill the position.

It is imperative the Housing Authority have a financial director on staff to train and supervise accounting clerks, to implement and maintain an effective system of internal control, to bring financial records and systems current to produce accurate and timely financial information, and to comply with numerous financial regulatory reporting requirements and filing deadlines.

We recommend this position be filled as soon as possible.

**2001-10 Accounts Payable**

During audit fieldwork, we requested a September 30, 2001 aged accounts payable report. Staff provided us with a manual listing of unpaid invoices. This was the same list provided the fee accountant to record year end accounts payable. The Housing Authority was unfamiliar with the capabilities of the accounts payable software and used the module to enter and process checks at the point invoices were ready for payment. We performed a search for unrecorded liabilities to test the accuracy of the payables listing. Our test located fifteen invoices totaling \$127,415 that had to be added to the accounts payable listing at year end.

We recommend the Housing Authority provide sufficient training to staff so that month end accounts payable listings are accurately prepared. This procedure is critical to preparing accurate financial statements. In addition, the Housing Authority should



**HOUMA-TERREBONNE HOUSING AUTHORITY**  
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Schedule of Financial Statement Findings, Continued

Year Ended September 30, 2001

explore the capabilities of the accounts payable software module. If used correctly, invoices would be entered into the accounts payable system upon receipt. This would allow management to generate aged accounts payable reports necessary for cash management, timely payment of invoices, and accurate financial statement preparation.

**2001-11 Tenant Security Deposits**

The tenant security deposit general ledger control account and the Tenant Security Deposit Register (subsidiary ledger) were out of balance with each other. The general ledger reflected \$6,306 less than the amount reported on the Tenant Security Deposit Register. In our review of procedures in this area, we observed that some deposit tickets, which included tenant security deposits, were coded and recorded as rent. This occurred because deposit tickets and information forwarded to the fee accountant for general ledger processing did not contain a breakdown summarizing collections being deposited. If the monthly reconciliations had been performed, these differences would have been discovered and the appropriate adjustments recorded.

We recommend the Housing Authority put procedures in place to reconcile the Tenant Deposit Security Register to the general ledger control account on a monthly basis.

**2001-12 Monthly Financial Reports**

We requested to see current monthly financial statements during our audit field work. The Housing Authority had not received any financial statements since September 30, 2001, its fiscal year end. The Housing Authority uses a computer services firm (fee accountant) specializing in housing authorities to perform these services. A review of the file indicated the Housing Authority has been shipping monthly work within fifty-three days of month end.

Monthly financial statements and related accounting information are critical to the successful operations of Housing Authority. We recommend management establish procedures to insure monthly information forwarded to the fee accountant is processed and returned in a timely manner. In addition, monthly information should be shipped to the fee accountant within thirty days.

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

Schedule of Financial Statement Findings, Continued

Year Ended September 30, 2001

**2001-13 Bank Reconciliations**

During audit field work, we requested copies of the most recent bank reconciliations for the operating account and were informed that the last bank reconciliation prepared was as of September 30, 2001. The Housing Authority uses an outside computer services firm to perform this function. In last year's audit finding 2000-11, Operating Bank Account Reconciliations, we recommended the Housing Authority put procedures in place to track its daily cash position and to timely reconciliation its bank account. The Housing Authority strengthen internal controls by developing a Cash Position Worksheet that maintains a daily running cash balance, however, timely monthly bank reconciliations are not being prepared.

Monthly bank reconciliations are critical to proper cash management. We recommend the Housing Authority put procedures in place to insure bank reconciliations are timely prepared and reconciling items promptly resolved. Management should consider moving the reconciliation process in-house. The Cash Position Worksheet could serve as the basis for this reconciliation. The reconciliation would be forwarded to the computer services firm with the monthly work for verification.

**2001-14 Outstanding Development Fund Liability**

The Housing Authority has been reflecting a \$105,149 account payable on its balance sheet dating back to September 30, 1990. Based on EXHIBIT E (2) of the September 30, 1990 audited financial statements, this liability represents excess of development funds provided over development costs incurred on a Housing Authority Bond issue. The note to this exhibit indicates the Housing Authority contends it does not owe this liability because development funds advanced did not reflect a reduction of \$140,001 of funds which were returned to HUD and deposited with the fiscal agent in the Advance Amortization Fund of the 6<sup>th</sup> Consolidated Bond Issue at the City National Bank of Baton Rouge Trust Department. This \$140,001 of funds resulted from liquidated damages as a result of the litigation with Alodex Corporation. There is no other documentation available at the Housing Authority to substantiate the account payable and no demand has been made for repayment of the funds.

We recommend the Housing Authority research this situation and determine if the \$105,149 liability can be reversed and taken back into contributed capital (equity).

**HOUMA-TERREBONNE HOUSING AUTHORITY**  
(Formerly the Housing Authority of the City of Houma)

Schedule of Financial Statement Findings, Continued

Year Ended September 30, 2001

**2001-15 Electronic Backup and Off Site Storage**

The Housing Authority maintains many documents, files and other important information on computer in electronic format. The file server is backed up nightly on magnetic tape, however a weekly, monthly or year-end off site backup is not created. The magnetic tape is used repetitively and is not replaced until a message appears indicating it has gone bad. One of the main reasons for creating backup files is to be able to recover in the event of a hard drive failure or other on site disaster, such as fire or water damage.

We recommend the Housing Authority put procedures in place to create a weekly, monthly and year-end backup file for storage off site. The files should be properly labeled and stored in a secure location. This will allow the Housing Authority to recover electronic data with a minimal amount of interruption in the event of an on site disaster. Also, if the daily on site backup file is corrupted, the off site file can be accessed to retrieve data. Periodically, we recommend backup tapes be replaced with new ones before going bad from repetitive use.

**2001-16 Check Sequence Log**

We recommended in last year's audit finding 2000-13, Check Register and Check Sequence Log, that the Housing Authority improve controls over its procedures in issuing checks. To strengthen internal controls, the Housing Authority developed a Cash Position Worksheet. The worksheet keeps a running cash balance by logging in daily cash receipts and disbursements. Also in comment 2000-13, we recommended a check sequence log be maintained on checks issued, a procedure used to insure that all checks have been processed and accounted for. A check sequence log has not been established.

We recommend the Cash Position Worksheet be expanded to include two columns representing checks issued or voided. As each cash disbursement register is logged in, the corresponding check numbers should also be logged in to account for the numerical sequence of checks.



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Schedule of Federal Award Findings and Questioned Costs

Year Ended September 30, 2001

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA #14.850 – Low-Income Housing Operating Subsidy

2001-17 CASH DISBURSEMENTS

*Condition and criteria:* Costs must be supported by adequate underlying documentation to be allowable. Cash disbursements were not supported by proper documentation as follows:

- Vendor invoices or other supporting documentation could not be located for one disbursements tested.
- For forty disbursements tested, review and approval by the appropriate level of management is not documented in written form prior to payment.

*Effect:* Costs that are not properly documented are subject to disallowance and are therefore considered questioned costs.

*Cause:* During the year ended September 30, 2001, the Housing Authority implemented procedures designed to strengthen controls over cash disbursements, including procedures to insure proper approval of all disbursements. The one disbursement for which a vendor's invoice could not be located occurred prior to the implementation of these procedures. The procedures for approval of disbursements appear adequate to insure that the appropriate level of management approves all disbursements. However, the procedures do not require written documentation of the approval.

*Population and sample size:* A sample of 40 cash disbursements was selected out of a total population of 1,731. The total dollar value of the sample was \$55,226. Of the 40 items tested, one item was not in compliance resulting in questioned costs of \$350.

*Auditors' Recommendation:* Additional control procedures should be implemented to insure that approval of payments is documented in writing on all vendor invoices or other supporting documentation.



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Schedule of Federal Award Findings and Questioned Costs, Continued

Year Ended September 30, 2001

2001-18 TENANT FILE DOCUMENTATION

*Condition and criteria:* The Housing Authority must maintain adequately documented tenant files to support the tenant's eligibility for public housing, to determine the amount of rent the tenant must pay and to document the Housing Authority's compliance with HUD policy. In our testing of tenant files, we noted the following deficiencies in tenant file documentation:

- Leases were not signed by an authorized representative of the Housing Authority in 9 of the tenant files. The lease was not signed by the tenant in one instance.
- HUD Form 9886, Authorization to Release Information, was not included in 21 tenant files.
- Local release to inquire into tenant banking information were incorrect in 7 of the tenant files.
- Reexamination of family income and family composition on an annual basis was not performed for 20 of the tenant files.
- Documentation of submission of HUD Form 50058 was not included in 60 of the files tested.

*Effect:* The Housing Authority does not have sufficient documentation of compliance with HUD policy and regulations regarding the eligibility of tenants and the proper amount of rent the tenant must pay. Therefore, the Housing Authority may be subject to a loss of HUD funding.

*Cause:* During the year ended September 30, 2001, the Housing Authority implemented procedures designed to insure that tenant files are properly organized and contain all documentation required by HUD guidelines. At the time of audit fieldwork, the Housing Authority had reviewed and updated nearly all of the tenant files for the Senator Circle site. Review of the Bayou Towers files was to begin when the Senator Circle files were completed. The files tested for the Senator Circle site were generally well organized and contained fewer exceptions than the Bayou Towers files.

Because of a problem in its computer software, the Housing Authority is not able to submit HUD Form 50058 electronically as required by HUD regulations.

*Population and sample size:* The Housing Authority has 600 units available for tenants. We selected a sample of 60 tenant files for testing.

*Auditors' Recommendation:* The Housing Authority should continue its progress in improving the documentation of tenant files and should establish a system of

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Schedule of Federal Award Findings and Questioned Costs, Continued

Year Ended September 30, 2001

monitoring and review to insure that updated information is obtained on a timely basis. The Housing Authority should begin to investigate the problem in its computer system regarding electronic submission of HUD Form 50058 and correct the problem as soon as possible.

2001-19 FINANCIAL AND PERFORMANCE REPORTING

*Condition and criteria:* Various financial and performance reports are required by HUD to monitor grantees and determine the amount of funding for which a grantee is eligible. In our testing of these reports we noted the following:

- HUD Form 52599, Statement of Operating Receipts and Expenditures was not submitted by the Housing Authority.
- HUD Form 52723, Calculation of Performance Funding System Operating Subsidy for the fiscal year ended September 30, 2001 was submitted in a timely manner. The Housing Authority could not produce documentation to support the amounts reported on the form.
- HUD Form 51234, Report on Occupancy for Public and Indian Housing as of March 31, 2001 was not submitted by the Housing Authority.
- HUD Form 50072, for the fiscal year end September 30, 2000 was submitted during the period under audit. The form was submitted approximately ten months late and the Housing Authority could not produce documentation to support amounts reported on the form. HUD Form 50072, for the fiscal year end September 30, 2001 was not submitted by the Housing Authority.

*Effect:* The reporting deficiencies could cause a loss in the Housing Authority's funding from HUD.

*Cause:* The Housing Authority does not have adequate internal control over its financial and performance reporting process to insure that the necessary reports are accurately produced and timely submitted.

*Auditors' Recommendations:* Management should develop a checklist of reports and due dates and other procedures to insure that the reports are completed in a timely manner.

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Schedule of Federal Award Findings and Questioned Costs, Continued

Year Ended September 30, 2001

2001-20 TENANT WAITING LIST

*Condition and criteria:* As required by HUD policy, the Housing Authority has established and adopted written policies for the admission of tenants, which include requirements for applications and waiting lists, a description of the policies for selection of applicants from the waiting lists, and policies for verification and documentation of information relevant to acceptance or rejection of applicants. We were not able to obtain sufficient documentation to test the placing of applicants on the waiting list and the selection of applicants from the waiting list. The Housing Authority was able to produce a report listing of applications received during the audit period and the priority status assigned to each applicant but we were not able to obtain copies of the waiting lists during the audit period to determine whether the Housing Authority placed the applicants on the waiting list in accordance with the established policies.

*Effect:* Due to the lack of sufficient documentation, we were unable to determine whether the Housing Authority is following its established policies for admission of tenants.

*Cause:* The Housing Authority does have not adequate internal control over its tenant admission process to insure that sufficient documentation of compliance with the established policies is maintained.

*Auditors' Recommendations:* The Housing Authority should develop procedures for documenting its compliance with tenant admission and waiting list policies.

2001-21 EQUIPMENT AND REAL PROPERTY MANAGEMENT

*Condition and Criteria:* The Housing Authority maintains a detailed fixed asset and depreciation schedule, which agrees to the general ledger, but it has not performed a physical inventory of furniture and equipment during the three years preceding the financial statement date. Therefore, we were unable to test the accuracy and completeness of the listing. No dispositions of furniture or equipment were recorded on the Housing Authority's books, but due to the absence of any physical inventories, we were unable to test whether any unrecorded dispositions may have occurred.

*Effect:* Without periodic physical inventories, furniture and equipment and the proceeds of dispositions, if any, may be subject to theft or misappropriation.



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Schedule of Federal Award Findings and Questioned Costs, Continued

Year Ended September 30, 2001

*Cause:* the Housing Authority does not have procedures in place to perform periodic physical inventories of furniture and equipment.

*Auditors' Recommendation:* The Housing Authority should perform a physical inventory of furniture and equipment as soon possible and establish procedures to reconcile the results to the equipment records and investigate differences. Procedures should also be established to perform a physical inventory on an annual basis. Management should evaluate the results of the physical inventory to determine whether physical safeguards and controls over the furniture and equipment are adequate.

2001-22 PROCUREMENT

*Condition and criteria:* During the period under audit, the Housing Authority paid \$274,253 to three firms for professional services under contracts that were awarded under a noncompetitive process without the approval of HUD.

*Effect:* The contracts do not appear to be in compliance with HUD procurement guidelines and, accordingly, all costs incurred under these contracts are considered questioned costs.

*Cause:* The Housing Authority's procurement policy appears to be in conflict with HUD regulations. Under the Housing Authority's procurement policy, noncompetitive proposals may be used without HUD approval when an emergency exists. Correspondence from HUD indicates that HUD approval is required when competitive proposals are not used.

*Population and sample size:* This finding was not a result of sampling application.

*Auditor Recommendation:* The Housing Authority should review its procurement policies and request assistance from HUD to insure that the procurement policies are in compliance with HUD guidelines.

**Total questioned costs for CFDA #14.850 – Low-Income Housing Operating Subsidy** **\$274,603**



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**Schedule of Prior Year Audit Findings**

**Year Ended September 30, 2001**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
<b>Section I – Internal Control and Compliance Material to the Financial Statements</b>				
1	2000	<u>AUDIT ENGAGEMENT APPROVAL</u> Failure to enter into a timely audit engagement agreement and obtain approved from the Legislative Auditor within 60 days after year end.	Yes	
2	2000	<u>BOARD MINUTES</u> Housing Authority failed to record or to retain proper documentation of minutes of the Board of Commissioners.	Partially	All meetings subsequent to last year's comment are being properly maintained. There are no new instances of noncompliance, however, four of the six sets of unlocated minutes are for meetings scheduled during the current audit period (10-1-00 to 9-30-01) and a compliance finding is disclosed in the 9-30-01 audit report.
3	2000	<u>DEPOSITS SECURED BY FDIC INSURANCE OR PLEDGED SECURITIES</u> The Housing Authority did not have documentation necessary to determine if deposits in financial institutions were properly collateralized or fully insured.	Yes	
4	2000	<u>PUBLIC RECORDS REQUEST</u> The Housing Authority was not able to provide any documentation concerning requests for public records, and employees were not aware of procedures to ensure compliance.	Yes	
5	2000	<u>PAYROLL TAX REPORTS</u> Payroll reports were being filed late resulting in assessment of penalties and interest. Quarterly Form 941 payroll tax reports for the year 2000	Yes	

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Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
		were not reconciled to annual W-2 Forms, Wage and Tax Statements, filed with the Social Security Administration.		
6	2000	<u>EMPLOYEE PAYROLL FILE DOCUMENTATION</u> Employee payroll files did not contain all necessary information to support withholdings and deductions.	Partially	The Housing Authority is in the process of updating employee files and securing authorization of payroll deduction and withholdings.
7	2000	<u>COMPENSATED ABSENCES</u> The Housing Authority did not have adequate procedures in place to insure the accuracy of employee annual and sick leave balances.	Yes	
8	2000	<u>EXECUTIVE DIRECTOR'S EXPENSES WHILE OUT ON MEDICAL LEAVE</u> The Housing Authority's executive director continued to use a Housing Authority vehicle, cellular phone, and gas cards while on medical leave.	Yes & Ongoing	Information turned over to the local District Attorney's office for further investigation and follow-up.
9	2000	<u>MANAGEMENT OVERSIGHT AND ENGAGEMENT COMPLETION</u> The annual audit engagement was not completed and filed with the Legislative Auditor or Federal Clearinghouse by the required deadline.	Partially	Progress was made, however, not to the degree necessary to timely file current year audit reports (year ended 9-30-01) within six months after the close of the fiscal year, or by March 31, 2002. A compliance finding is noted in the current year's audit.  The federal financial awards reporting package required under OMB Circular A-133 at Section 320(a) is scheduled to be filed within nine months after the close of the fiscal year, or by June 30, 2002

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Schedule of Prior Year Audit Findings, Continued

Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
10	2000	<u>MONTHLY FINANCIAL REPORTS</u> The Housing Authority did not forward necessary information to fee accountant for monthly information to be processed in a timely manner.	Partially	The Housing Authority has created a standard checklist to verify and track information. However, all pertinent financial data is not being communicated to the computer services firm. To the extent this comment is not resolved, it is repeated as a current year finding.
11	2000	<u>OPERATING BANK ACCOUNT RECONCILIATIONS</u> Timely reconciliation of the main operating checking account was not performed.	No	The Housing Authority developed a spreadsheet to calculate its current cash position, however, there is no formal in-house reconciliation prepared. The Housing Authority continues to rely on the fee accountant to perform monthly bank reconciliations. The latest bank reconciliation available to us during audit field work was September 30, 2001. To the extent this comment is not resolved, it is repeated as a current year finding.
12	2000	<u>OPERATING BANK ACCOUNT CANCELLED CHECKS</u> The Housing Authority was shipping original documents to the fee accountant for processing monthly accounting work. Cancelled checks for May and June 2000 were missing. The Housing Authority changed its procedures and is shipping copies to avoid risk of loss or misplacement of documents.	Yes	
13	2000	<u>CHECK REGISTER AND CHECK SEQUENCE LOG</u> The Housing Authority was using one sequence of checks and check numbers for both operating disbursements and payroll	Partially	The Housing Authority opened an imprest payroll account in March 2002. As recommended, check color and number sequence is different from the operating account.

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Schedule of Prior Year Audit Findings, Continued

Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
		disbursements. There was no check sequence log maintained on checks issued or separate imprest payroll checking account.		Check logs have not been developed.
14	2000	<u>UNUSED BLANK CHECKS</u> Blank checks were not kept in a secured, locked area with restricted access.	Yes	
15	2000	<u>LAUNDRY AND VENDING MACHINE BANK STATEMENTS</u> The Housing Authority was unable to locate quarterly bank statements. No reconciliations were performed on the laundry and vending machine depository accounts. No activity was recorded in the general ledger.	Yes	
16	2000	<u>CERTIFICATES OF DEPOSIT</u> The Housing Authority did not maintain an investment log or stored certificates of deposit in a locked, secured area.	Yes	
17	2000	<u>COMPUTER ACCESS CODES</u> Access to the computer system data is not adequately controlled using passwords and other system security features.	Yes	
18	2000	<u>COLLECTION PROCEDURES</u> The Housing Authority had weakness in their collection policies and procedures.	Yes	
19	2000	<u>ACCOUNTS PAYABLE</u> Account payable files were not maintained in an organized or orderly fashion. Purchase orders were not being issued, and vendors	Yes	



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**Schedule of Prior Year Audit Findings, Continued**

Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
		were being paid from duplicate invoices or from vendor statements.		
20	2000	<u>SALARY ADMINISTRATION</u> The Housing Authority did not have procedures in place to limit access to confidential personnel information. It was difficult to ascertain the accuracy of salary information.	Yes	
21	2000	<u>GASOLINE CREDIT CARD PURCHASES</u> There was a lack of internal controls over the use and payment of gasoline credit card bills.	Yes	
22	2000	<u>SECURITY DEVICES</u> Certain security systems were not functioning properly.	Ongoing	Management surveyed the security systems and determined them to be inadequate and useless for its original design and intent. Systems will be modified at a later date to provide better security protection.
23	2000	<u>OPERATING STUDY AND OTHER EXAMS CURRENTLY UNDERWAY</u> The Housing Authority had an operational study being performed by Legier & Materne, APAC, Consultants and CPAs, and a survey being conducted by the Office of Inspector General of HUD on the Housing Authority's federal financial assistance received for the period from January 1998 through March 2001. These reports should be read in conjunction with this report as they become available.	Partially	The operational study performed by Legier & Materne was completed and delivered to the Housing Authority.  The report from the Office of Inspector General has not been delivered to the Housing Authority.

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Schedule of Prior Year Audit Findings, Continued

Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
Section II – Internal Control and Compliance Material to Federal Awards				
24	2000	<u>CASH DISBURSEMENTS</u> Cash disbursements were not supported by proper documentation. Costs that are not properly documented are subject to disallowance and therefore questioned cost.	Partially	Procedures to strengthen control over cash disbursements have been implemented, but these procedures do not provide for documentation of management approval of payments. To the extent this comment is not resolved, it is repeated as a current year finding.
25	2000	<u>ALLOWABLE COSTS – POLITICAL ACTIVITY</u> The Housing Authority wrote a check to Democratic Party of Louisiana. Political contributions are prohibited under both state and federal law.	Yes	
26	2000	<u>TENANT FILE DOCUMENTATION</u> Tenant files did not have documentation supporting tenant's eligibility, determination of rent, and compliance with HUD policy.	Partially	The Housing Authority is in the process of reviewing and updating all tenant files to bring the files into compliance with HUD regulations. To the extent this comment is not resolved, it is repeated as a current year finding.
27	2000	<u>FINANCIAL AND PERFORMANCE REPORTING</u> Various financial and performance reports are required by HUD to monitor grantees and determine the amount of funding for which a grantee is eligible were not filed or filed incorrectly.	No	The Housing Authority should develop a checklist of reports and due dates to insure the reports are prepared in a timely manner. To the extent this comment is not resolved, it is repeated as a current year finding.
28	2000	<u>TENANT WATCH LIST</u> The Housing Authority was unable to produce documentation to support implementation of its policies for admissions of tenants, requirements for applications, and waiting list.	No	Management should develop procedures for documenting its compliance with tenant admission and waiting list policies.

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Schedule of Prior Year Audit Findings, Continued

Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
29	2000	<u>EQUIPMENT AND REAL PROPERTY MANAGEMENT</u> The Housing Authority has not performed a physical inventory of furniture and equipment during the two years preceding the financial statement date.	No	Management should implement procedure to perform physical inventory of fixed assets periodically.
30	2000	<u>PROCUREMENT</u> The Housing Authority did not follow its procurement policy in securing goods and services,	No	Findings noted in the current year resulted from an apparent conflict between HUD regulations and Housing Authority policy. Management should review its procurement policy to insure it is in compliance with HUD regulations.
31	2000	<u>CONTRACT ADMINISTRATION MONITORING</u> The Housing Authority did not comply with contract administration and monitoring requirements of 24CFR Part 968 in connection with Senator Circle modernization project,	No	Due to the Housing Authority being unable to draw down funds via LOCCS, no expenditures were incurred for the current year; therefore, no testing was performed.
32	2000	<u>EXPENDITURES – COMPREHENSIVE GRANT PROGRAM (CGP)</u> Supporting documentation was inadequate expenditures charged to the grant vouchers for both 1998 and 1999 CGP programs.	No	Due to the Housing Authority being unable to draw down funds via LOCCS, no expenditures were incurred for the current year; therefore, no testing was performed.
33	2000	<u>CASH MANAGEMENT</u> Funds received through LOCCS were not disbursed in a timely manner in accordance with HUD requirements.	No	Due to the Housing Authority being unable to draw down funds via LOCCS, no funds were received; therefore, no testing was performed.

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Schedule of Prior Year Audit Findings, Continued

Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
34	2000	<u>PREVAILING WAGE RATES (DAVIS BACON ACT)</u> The Housing Authority could not produce any evidence of its monitoring if contractor's compliance with the HUD determined wage rates in the contract.	No	In the current year, no new construction contracts were executed; therefore, no testing was performed.
35	2000	<u>LOCCS QUARTERLY REPORTING</u> In accordance with PIH 92-47, the Housing Authority has been suspended from drawing down funds due to failure of reporting quarterly expenditures and obligation information via LOCCS,	No	The Housing Authority continues to be suspended from drawing down funds via LOCCS.
1	1999	<u>UTILITY ALLOWANCES</u> The Housing Authority has not performed a review or updated its utility allowance calculation since there has been a rate change of 10 percent or more since the last time the utility allowance schedule was revised in late 1997.	No	At the end of fieldwork for the year ended 2001, an analysis of the utility allowance has not been performed.
2	1999	<u>WAITING LIST</u> Waiting lists did not reveal status of the applicants and the order in which they applied for housing.	No	Similar findings were noted in 2000 and in current year.
3	1999	<u>UNIT INSPECTION</u> For items tested, annual unit inspections were located in tenant folders; however, the majority were not signed and dated by PHA inspector.	No	No annual inspections were performed for the fiscal year ended September 30, 2001.
4	1999	<u>COMPREHENSIVE GRANTS MONITORING</u> The Housing Authority could not provide evidence that employee interviews of contractor or subcontractor labor were performed	No	In the current year, no new construction contracts were executed; therefore, no testing was performed.



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Schedule of Prior Year Audit Findings, Continued

Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action / Partial Corrective Action Taken
		in accordance with federal regulation for monitoring construction.		
6	1999	<u>PHA COPIES OF TENANT RENTAL RECEIPTS</u> The PHA's computer software rental recording system contains deficiencies.	Yes	
8	1999	<u>LAUNDRY COLLECTIONS</u> The Housing needed to strengthen internal controls over the collection of cash and laundry tokens.	Yes	

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Managements' Response and Corrective Action Plan

Year Ended September 30, 2001

The September 30, 2001 audit revealed a significant number of material weaknesses in internal controls over financial reporting and significant instances of noncompliance with laws, regulations, contracts and grants. Due to the severity of the situation, management would like time to study each comment and formulate a response that will clearly state the actions taken to date, and their intended actions to resolve these matters.

Management will formulate its response as soon as possible and forward copies to the Louisiana Legislative Auditor, HUD, the Authority's external auditing firm and other governmental or regulatory agency that may require a copy.